the new financing is established, the Company will recognize an extraordinary loss ranging from approximately $13 to $22 million for the impairment of existing deferred financing costs relating to the Company's current debt structure.

Through the end of 2000, the Company anticipates spending significant capital resources for the acquisition of wireless assets and the continued development of its existing infrastructure. In 2000, the Company expects to spend approximately $140 million for the continued expansion of its cellular infrastructure, $25 million for the implementation of a new billing system and back office infrastructure and approximately $100 million for the purchase of the cellular licenses and operations of the Utah-5, Wyoming-1 and Arizona-6 RSAs. Capital spending during 2000 will allow for expanded minutes of use by the Company's subscribers as well as from other carriers' customers roaming on its wireless network. In addition, the Company anticipates it will continue to be a significant source of funding for international projects through its subsidiary WWI. The Company will utilize operating cash flow, the Credit Facility and other sources of funding, for purposes of funding its cellular and other activities.

On May 3, 1999, the Company distributed to its stockholders its entire interest in VoiceStream. Prior to the Spin-off, the Company had received a ruling from the IRS to the effect that the Spin-off would not result in the recognition of income or gain by the Company or its stockholders. Notwithstanding the ruling, however, the Company would recognize gain as a result of the Spin-off if the Spin-off is part of a "prohibited plan," that is, a plan or series of related transactions pursuant to which one or more persons acquire, directly or indirectly, 50 percent or more of the Company's or VoiceStream's stock. A prohibited plan is presumed to exist if one or more persons acquire, directly or indirectly, 50 percent or more of the Company's or VoiceStream's stock during the four-year period that begins two years before the Spin-off. In February 2000, VoiceStream completed its merger with Omnipoint, pursuant to which a newly formed holding company acquired all of the outstanding stock of VoiceStream and Omnipoint in exchange for stock of the holding company and cash. On September 17, 1999, VoiceStream entered into an agreement with Aerial, pursuant to which the holding company will acquire all of the outstanding stock of Aerial, again in exchange for stock of the holding company and cash. Either of these transactions, when completed, could give rise to the rebuttable presumption that the Spin-off was part of a prohibited plan. In conjunction with the Spin-off, VoiceStream agreed to indemnify the Company on an after-tax basis for any taxes imposed on the Company if an acquisition of VoiceStream's stock causes the spin-off to be part of a prohibited plan. As a result, if the proposed Omnipoint and Aerial transactions fail to overcome the rebuttable presumption, the Company believes that VoiceStream would be responsible for the Company's resulting tax liability arising from the Spin-off. Although the issue is not free from doubt, the Company believes that the Omnipoint and Aerial transactions are not part of a prohibited plan. Even if it is ultimately determined that such transactions were part of a prohibited plan, the Company believes that VoiceStream is capable of funding the resulting indemnity obligation to the Company.

In February 1998, a subsidiary of Hutchison Telecommunications Limited ("HTL") purchased 19.9% of the outstanding capital stock of VoiceStream for an aggregate purchase price of $248.4 million (the "Hutchison Investment"). Approximately $113 million of the proceeds were paid to the Company as a repayment of advances made to VoiceStream and were used by the Company to reduce amounts outstanding under the Credit Facility.

Adjustments to the $148.8 million net loss to reconcile to net cash used in operating activities primarily included $102 million of depreciation and amortization, $82.2 million for the net loss from discontinued operations, $79.2 million for employee equity compensation and $14.5 million for the equity in net loss of unconsolidated affiliates due to the increase in activity in international investments. Other adjustments included changes in operating assets and liabilities, including: (i) an increase of $28.6 million in net accounts receivable, due primarily to increased revenues; and (ii) an increase of $18.8 million in prepaid and other current assets mainly related to international investment activity. Net cash used in operating activities was $66.7 million in 1998 and $83.6 million in 1997.

Investing activities consisted primarily of: (i) purchases of property and equipment of $168.2 million; (ii) investments in and advances to unconsolidated affiliates of $25.5 million, primarily attributable to advances to international joint ventures; (iii) a return of investment from VoiceStream Wireless of $20 million; and (iv) $289.7 million for acquisition of wireless properties in 1999, which consists primarily of the Company's purchase of the cellular licenses and operations of the Wyoming 4 and Oklahoma 1 RSAs, Brownsville, TX and McAllen TX MSAs, and Texas 7 and Arkansas 11 RSAs in the first, second, and fourth quarters of 1999, respectively.

Financing activities consisted primarily of a net addition to long-term debt of $405 million.

In the ordinary course of business, the Company continues to evaluate acquisition opportunities, joint ventures and other potential business transactions. Such acquisitions, joint ventures and business transactions may be material. Such transactions may also require the Company to seek additional sources of funding through the issuance of additional debt and/or additional equity at the parent or subsidiary level. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

Seasonality

The Company, and the wireless communications industry in general, have historically experienced significant subscriber growth during the fourth calendar quarter. Accordingly, during such quarter the Company experiences greater losses on equipment sales and increases in sales and marketing expenses. The Company has historically experienced highest usage and revenue per subscriber during the summer months. The Company expects these trends to continue.

Year 2000

The Company, like most businesses, modified significant portions of its information technology ("IT") and non-IT systems so that they will function properly in the year 2000. Much of the Company's technology, including technology associated with its critical systems, is purchased from third parties. The Company is dependent on those third parties to assess the impact of the year 2000 issue on the technology and services they supply and to take any necessary corrective action. The Company has incurred internal staff costs as well as consulting and other expenses related to infrastructure and facilities enhancements necessary to complete the remediation of its systems for the year 2000. The by-product of this effort was that the Company had year 2000 compliant hardware and software running on all of its major platforms. The incremental costs for the year 2000 remediation efforts have been insignificant.

The Company's IT and non-IT systems successfully transitioned to the year 2000. However, there may be latent problems that surface at key dates or events in the future. The Company has not experienced, and does not anticipate, any significant problems related to the transition to the year 2000 that would have a material adverse effect on the results of operations, liquidity and financial condition of the Company. Furthermore, the Company does not anticipate any significant expenditure in the future related to year 2000 compliance.

Consolidated Balance Sheets

(Dollars in thousands) As of December 31,	1999	1998
Assets		
Current assets:		
Cash and cash equivalents	$ 42,735	$ 2,192
Accounts receivable, net of allowance for doubtful accounts of $11,199 and $7,629, respectively	75,846	45,327
Inventory	9,680	8,794
Prepaid expenses and other current assets	27,358	8,544
Receivable from VoiceStream Wireless	2,984	
Total current assets	158,603	64,857
Property and equipment, net of accumulated depreciation of $277,167 and $208,776, respectively	369,543	272,317
Licensing costs and other intangible assets, net of accumulated amortization of $99,051 and $81,209, respectively	771,510	518,789
Investments in and advances to unconsolidated affiliates	55,840	37,663
Other assets	78	12,912
Net assets from discontinued operations		314,762
	$ 1,355,574	$ 1,221,300
Liabilities and Shareholders' Equity (Net Capital Deficiency)		
Current liabilities:		
Accounts payable	$ 11,930	$ 5,101
Accrued liabilities	68,069	70,718
Construction accounts payable	8,825	6,582
Total current liabilities	88,824	82,401
Long-term debt	1,450,000	1,045,000
Minority interest in consolidated subsidiaries	1,435	639
Commitments and contingencies (Note 8)		
Shareholders' equity (net capital deficiency):		
Preferred stock, no par value, 50,000,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, and paid-in capital; 300,000,000 shares authorized; Class A, 70,431,554 and 38,710,893 shares issued and outstanding, respectively, and; Class B, 7,177,302 and 37,312,477 shares issued and outstanding, respectively	690,953	800,631
Deferred compensation	(17,389)	(1,211)
Foreign currency translation	(4,644)	(2,328)
Deficit	(853,605)	(703,832)
Total shareholders' equity (net capital deficiency)	(184,685)	93,260
	$ 1,355,574	$ 1,221,300

See accompanying notes to consolidated financial statements

Consolidated Statements of Operations and Comprehensive Loss

For the year ended December 31,	1999	1998	1997
(Dollars in thousands, except per share data)			
Revenues:			
Subscriber revenues	$ 388,062	$ 330,050	$ 245,364
Roamer revenues	150,725	66,744	39,750
Equipment sales and other revenues	28,554	19,826	17,734
Total revenues	567,341	416,620	302,848
Operating expenses:			
Cost of service	68,883	55,592	47,001
Cost of equipment sales	36,249	33,149	29,698
General and administrative	120,434	88,888	60,865
Sales and marketing	99,610	83,309	61,409
Depreciation and amortization	102,013	74,402	66,595
Stock-based compensation	79,223		
Total operating expenses	506,412	335,340	265,568
Operating income	60,929	81,280	37,280
Other income (expense):			
Interest and financing expense, net	(99,993)	(92,227)	(41,406)
Equity in net loss of unconsolidated affiliates	(14,529)	(4,746)	(1,731)
Other, net	3,862	1,855	4,138
Total other income (expense)	(110,660)	(95,118)	(38,999)
Minority interest in consolidated subsidiaries	1,610	479	
Net loss from continuing operations	(48,121)	(13,359)	(1,719)
Net loss from discontinued operations	(82,152)	(210,710)	(263,815)
Cost of discontinuance	(18,500)		
Total discontinued operations	(100,652)	(210,710)	(263,815)
Net loss	$ (148,773)	$ (224,069)	$ (265,534)
Basic and diluted loss per share:			
Continuing operations	$ (0.63)	$ (0.17)	$ (0.03)
Discontinued operations	(1.31)	(2.78)	(3.73)
Basic and diluted loss per share	$ (1.94)	$ (2.95)	$ (3.76)
Weighted average shares used in computing basic and diluted loss per share	76,775,000	75,863,000	70,692,000
Comprehensive loss:			
Net loss	$ (148,773)	$ (224,069)	$ (265,534)
Other comprehensive loss:			
Foreign currency translation adjustment	(2,316)	(2,328)	
Total comprehensive loss	$ (151,089)	$ (226,397)	$ (265,534)

See accompanying notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity

(Dollars in thousands)	Common Stock Class A shares	Class B Shares	Par value and paid-in capital	Deferred compensation	Foreign currency translation	Deficit	Total shareholders' equity
Balance, January 1, 1997	14,540,691	55,239,157	$ 569,278	$ (800)		$ (214,229)	$ 354,249
Shares issued:							
Upon exercise of stock options	268,763		1,077				1,077
In exchange of wireless properties	1,600,000		28,600				28,600
Private placement	3,888,888		74,300				74,300
Class B shares exchanged for Class A shares	1,807,994	(1,807,994)					
Deferred compensation	95,000		1,781	(45)			1,736
Net loss						(265,534)	(265,534)
Balance, December 31, 1997	22,201,336	53,431,163	675,036	(845)		(479,763)	194,428
Shares issued:							
Upon exercise of stock options	290,871		1,159				1,159
Excess of net book value from the sale of minority interest in consolidated subsidiaries			121,998				121,998
Class B shares exchanged for Class A shares	16,118,686	(16,118,686)					
Deferred compensation	100,000		2,438	(366)			2,072
Foreign currency translation adjustment					$ (2,328)		(2,328)
Net loss						(224,069)	(224,069)
Balance, December 31, 1998	38,710,893	37,312,477	800,631	(1,211)	(2,328)	(703,832)	93,260
Shares issued:							
Upon exercise of stock options	1,480,486		6,972				6,972
Class B shares exchanged for Class A shares	30,135,175	(30,135,175)					
Discontinued operations			(207,518)				(207,518)
Deferred compensation	105,000		90,868	(16,178)			74,690
Distribution to minority shareholders						(1,000)	(1,000)
Foreign currency translation adjustment					(2,316)		(2,316)
Net loss						(148,773)	(148,773)
Balance, December 31, 1999	70,431,554	7,177,302	$ 690,953	$ (17,389)	$ (4,644)	$ (853,605)	$ (184,685)

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

For the year ended December 31,	1999	1998	1997
(Dollars in thousands)			
Operating activities:			
Net loss	$ (148,773)	$ (224,069)	$ (265,534)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Net loss from discontinued operations	82,152	210,710	263,815
Depreciation and amortization	102,013	74,402	66,595
Employee equity compensation	79,157	1,972	1,835
Equity in net loss of unconsolidated affiliates	14,529	4,746	1,731
Minority interest in consolidated subsidiaries	(1,610)	(479)	
Other, net	6,607	3,772	4,035
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:			
Accounts receivable, net	(28,554)	(7,746)	(10,902)
Inventory	(775)	4,962	(6,900)
Prepaid expenses and other current assets	(18,814)	(845)	(11,956)
Accounts payable	6,829	(3,915)	3,261
Accrued liabilities	659	3,159	37,651
Net cash provided by operating activities	93,420	66,669	83,631
Investing activities:			
Purchase of property and equipment	(168,219)	(73,371)	(54,318)
Additions to licensing costs and other intangible assets	(4,390)	(8,470)	(283)
Acquisition of wireless properties, net of cash acquired	(289,716)	(35,346)	(191,145)
Investments in and advances to unconsolidated affiliates	(25,492)	(15,443)	(26,162)
Receipts from and (advances to) VoiceStream Wireless	2,968	105,446	(406,254)
Return of investment from VoiceStream Wireless	20,000		
Other		(2,494)	(10,194)
Net cash used in investing activities	(464,849)	(29,678)	(688,356)
Financing activities:			
Proceeds from issuance of common stock, net	6,972	1,159	75,376
Additions to long term debt	415,000	60,000	565,000
Repayment of debt	(10,000)	(110,000)	(70,000)
Net costs of private placement		(1,080)	
Net cash provided by (used in) financing activities	411,972	(49,921)	570,376
Change in cash and cash equivalents	40,543	(12,930)	(34,349)
Cash and cash equivalents, beginning of year	2,192	15,122	49,471
Cash and cash equivalents, end of year	$ 42,735	$ 2,192	$ 15,122

See accompanying notes to consolidated financial statement

Notes to Consolidated Financial Statements

1 Organization

Western Wireless Corporation ("the Company") provides wireless communications services in the United States principally through the ownership and operation of cellular systems. The Company provides cellular operations primarily in rural areas in 19 western states under the CellularOne® brand name.

A wholly owned subsidiary of the Company, WWC Holding Co, Inc., ("Holding Co.") owns 96% of Western Wireless International ("WWI") who, through operating joint ventures, is a provider of wireless communications services worldwide. Since 1996, WWI has participated in operating joint ventures that have built and launched wireless networks in Latvia, Georgia, Iceland, Croatia, Ghana and Haiti, and is currently constructing a nationwide cellular network in Bolivia. In January 2000 WWI through its joint venture with the Modern Africa Growth and Investment Company ("MAGIC"), completed an acquisition of the assets and operations of Comstar in the Ivory Coast. Additionally, WWI holds approximately 67% of Meteor Mobile Communications ("MMC"), an entity that has been granted the Irish license, which is pending appeal with the Irish High Court.

The Company had an 80.1% controlling interest in VoiceStream Wireless Corporation ("VoiceStream"), an entity that provides wireless communication services through the ownership and operation of personal communication service ("PCS") licenses. On May 3, 1999, VoiceStream formally separated from the Company's other operations (the "Spin-off"). As of that date, the Company distributed all of its interest in VoiceStream to its shareholders. Although VoiceStream has been operated separately from the Company's other operations and has been a separate legal entity since its inception, the Spin-off established VoiceStream as a stand-alone entity with objectives separate from those of the Company. The accompanying consolidated financial statements have been restated to report the discontinued operations of VoiceStream.

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and its affiliate investments in which the Company has a greater than 50% interest. All affiliate investments in which the Company has between a 20% and 50% interest are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated.

Revenue recognition

Service revenues based on customer usage are recognized at the time the service is provided. Access and special feature service revenues are recognized when earned. Sales of equipment, primarily handsets, are recognized when the goods are delivered to the customer.

Cash and cash equivalents

Cash and cash equivalents generally consist of cash and marketable securities that have original maturity dates not exceeding three months. Such investments are stated at cost, which approximates fair value.

Inventory

Inventory consists primarily of handsets and accessories. Inventory is stated at the lower of cost or market, determined on a first-in, first-out basis.

Property and equipment and depreciation

Property and equipment are stated at cost. Depreciation commences once the assets have been placed in service and is computed using the straight-line method over the estimated useful lives of the assets, which primarily range from three to twenty years.

Licensing costs and other intangible assets and amortization

Licensing costs primarily represent costs incurred to acquire Federal Communication Commission's ("FCC") wireless licenses, including cellular licenses principally obtained through acquisitions.

Amortization of cellular licenses is computed using the straight-line method over 40 years.

Other intangible assets consist primarily of deferred financing costs. Deferred financing costs are amortized using the effective interest method over the terms of the respective loans. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of," the Company periodically evaluates whether there has been any indication of impairment of its long-lived assets, including its licensing costs and other intangibles. As of December 31, 1999, there has been no indication of such impairment.

Income taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates expected to be in effect when they are realized. A valuation allowance against deferred tax assets is recorded, if, based upon weighted available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Loss per common share

Loss per common share is calculated using the weighted average number of shares of outstanding common stock during the period. The number of shares outstanding has been calculated based on the requirements of SFAS No. 128, "Earnings Per Share." Due to the net loss incurred during the periods presented, all options outstanding are anti-dilutive, thus basic and diluted loss per share are equal.

Stock-based compensation plans

The Company accounts for its stock-based compensation plans under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." See Note 11 for discussion of the effect on net loss and other related disclosures had Western Wireless accounted for these plans under SFAS No. 123, "Accounting for Stock-Based Compensation."

Foreign currency translation

For operations outside the United States that prepare financial statements in currencies other than the United States dollar, results of operations and cash flows are translated at average exchange rates during the period, and assets and liabilities are translated at end of period exchange rates. Translation adjustments are included as a separate component of shareholders' equity.

Fair value of financial instruments

As required under the Credit Facility (as defined in Note 7), the Company enters into interest rate swap and cap agreements to manage interest rate exposure pertaining to long-term debt. The Company has only limited involvement with these financial instruments, and does not use them for trading purposes. In addition, the Company has historically held derivative financial instruments to maturity and has never recognized a material gain or loss on disposal. It is the Company's intent to hold existing derivatives to maturity. Interest rate swaps are accounted for on an accrual basis, the income or expense of which is included in interest expense. Premiums paid to purchase interest rate cap agreements are classified as an asset and amortized to interest expense over the terms of the agreements. These transactions do not subject the Company to risk of loss because gains and losses on these contracts are offset against losses and gains on the underlying liabilities. No collateral is held in relation to financial instruments.

The carrying value of short-term financial instruments approximates fair value due to the short maturity of these instruments. The fair value of long-term debt is based on incremental borrowing rates currently available on loans with similar term and maturities. The Company does not hold or issue any financial instruments for trading purposes.

Supplemental cash flow disclosure

Cash paid for interest was $95.6 million in 1999, $96.4 million in 1998 and $69.6 million in 1997.

Non-cash investing and financing activities were as follows:

Year ended December 31,	1999	1998	1997
(Dollars in thousands)			
Discontinued operations (VoiceStream)	$ 227,518		
Stock-based compensation (in connection with Spin-off)	$ 82,750		
Release of cash held in escrow		$ 15,000	
Issuance of common stock in exchange for wireless assets			$ 28,600

Estimates used in preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior years' financial statements have been reclassified to conform to the 1999 presentation.

Recently issued accounting standards

In December 1999, the SEC released Staff Accounting Bulletin ("SAB") Number 101, "Revenue Recognition in Financial Statements." This bulletin will become effective for the issuance of the Company's March 31, 2000, quarterly financial statements. This bulletin establishes more clearly defined revenue recognition criteria, than previously existing accounting pronouncements, and specifically addresses revenue recognition requirements for nonrefundable fees, such as activation fees, collected by a company upon entering into an arrangement with a customer, such as an arrangement to provide telecommunications services. We are currently evaluating the impact of this bulletin on our financial position and results of operations.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." It requires the recognition of all derivatives as either assets or liabilities and the measurement of those instruments at fair value. The required adoption period is effective for the issuance the Company's December 31, 2000, financial statements. The implementation of SFAS No. 133 is not expected to have a material impact on the Company's financial position or results of operations. SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities–Deferral of the Effective Date of FASB Statement No. 133," issued in August 1999, postpones for one year the mandatory effective date for adoption of SFAS No. 133 to January 1, 2001.

2 Prepaid Expenses and Other Current Assets

December 31,	1999	1998
(Dollars in thousands)		
Receivable from unconsolidated international companies	$ 7,457	$ 4,048
WWI Deposits	8,702	482
Other	11,199	4,014
	$ 27,358	$ 8,544

3 Properties and Equipment

December 31,	1999	1998
(Dollars in thousands)		
Land, buildings and improvements	$ 13,051	$ 12,748
Wireless communications systems	493,580	373,971
Furniture and equipment	70,424	53,919
	577,055	440,638
Less accumulated depreciation	(277,167)	(208,776)
	299,888	231,862
Construction in progress	69,655	40,455
	$ 369,543	$ 272,317

Depreciation expense was $85.7 million in 1999, $62.2 million in 1998 and $57.9 million in 1997.

4 Licensing Costs and Other Intangible Assets

December 31,	1999	1998
(Dollars in thousands)		
License costs	$ 834,755	$ 564,157
Other intangible assets	35,806	35,841
	870,561	599,998
Accumulated amortization	(99,051)	(81,209)
	$ 771,510	$ 518,789

Amortization expense was $16.3 million in 1999, $12.2 million in 1998 and $8.7 million in 1997.

5 Investments In and Advances to Unconsolidated Affiliates

December 31,	1999	1998
(Dollars in thousands)		
Western Wireless International:		
Latcom Wireless Telephone Co.	$ 8,913	$ 12,724
ACG Telesystems Ghana, LLC	15,275	13,122
Nuevatel-Bolivia	9,065	0
Other international investments	13,184	11,817
Cellular One Group	9,403	0
	$ 55,840	$ 37,663

The Company's ownership interest in these unconsolidated affiliates range from 15% to 50%.

In November 1999, a WWI joint venture was notified that government regulators accepted its bid for a license to provide wireless communication services in Bolivia. WWI contributed $9.1 million for the purchase of the license.

In October 1998, a WWI joint venture was granted a license to provide wireless communication services in Croatia. WWI contributed $3.3 million for the purchase of the license.

In September 1998, a WWI joint venture was granted a license to provide wireless communication services in Haiti. WWI contributed $8.5 million for the purchase of the license.

In June 1998, WWI, through a controlling interest in a partnership (the "Ireland Partnership"), was notified by the Irish Government that it was the preferred applicant for a DCS-1800/GSM 900 mobile communication license in Ireland. The amount bid by the Ireland Partnership on this license was $16.2 million, including related fees. The license has not yet been issued, as the decision by the Irish Government is subject to a pending legal proceeding (refer to Note 8 for more information).

The Company's international investments are subject to the laws and regulations governing telecommunication services in effect in each of the countries in which it operates. These laws and regulations can have a significant influence on the Company's results of operations and are subject to change by the responsible governmental agencies. The financial statements as presented reflect certain assumptions based on laws and regulations currently in effect in each of the various countries. The Company cannot predict what future laws and regulations might be passed that could have a material effect on the Company's results of operations. The Company assesses the impact of significant changes in laws and regulations on a regular basis and updates the assumptions used to prepare its financial statements accordingly.

6 Accrued Liabilities

December 31,	1999	1998
(Dollars in thousands)		
Accrued payroll and benefits	$ 12,755	$ 14,667
Accrued interest expense	13,065	13,091
Accrued property taxes	4,948	4,951
Accrued taxes (other than income)	9,480	3,870
Accrued interconnect charges	10,239	6,358
Other	17,582	27,781
	$ 68,069	$ 70,718

7 Long-Term Debt

December 31,	1999	1998
(Dollars in thousands)		
Credit Facility:		
Revolver	$ 750,000	$ 445,000
Term Loan	200,000	200,000
Additional Facility	100,000	
10-1/2% Senior Subordinated Notes Due 2006	200,000	200,000
10-1/2% Senior Subordinated Notes Due 2007	200,000	200,000
	$ 1,450,000	$ 1,045,000

Credit Facility

The Company has a credit facility with a group of banks (the "Credit Facility") pursuant to which the banks agreed to make loans to the Company, on a revolving-credit basis, in an aggregate principal amount not to exceed $750 million (the "Revolver") and a term loan (the "Term Loan") of $200 million. The Revolver is limited to the principal amount outstanding on December 31, 2000. The Company is required to make quarterly payments on the outstanding principal of the Revolver beginning March 31, 2001, and on the Term Loan beginning June 30, 2001. These payments increase each year on the anniversary date of the initial payment, until paid in full on December 31, 2005, for the Revolver and March 31, 2006, for the Term Loan. The Credit Facility also contains certain financial covenants, the most restrictive of which impose limitations on the incurrence of indebtedness.

Under the Credit Facility, interest is payable at an applicable margin in excess of a prevailing base rate. The prevailing rate is based on the prime rate, the CD rate or LIBOR. The applicable margin on the Revolver is determined quarterly based on the leverage ratio of the Company, excluding certain of its subsidiaries. The applicable margin on the Term Loan is 2.5%. During 1999, 1998 and 1997, all loans under the Credit Facility had been borrowed using the LIBOR option. The weighted average interest rate, including the appropriate applicable margin, was 6.8% in 1999 and 7.6% in 1998. The Credit Facility also provides for an annual fee ranging from 0.25% to 0.375% on the unused commitment, payable quarterly.

During the fourth quarter of 1999, the Company established a $250 million additional facility (the "Additional Facility"), as permitted under the Credit Facility. The Additional Facility is structured as a term loan to be completely drawn by May 5, 2000, and bears interest at LIBOR plus 2.5%. Other terms and conditions are similar to the existing Term Loan. Amounts available for borrowing at December 31, 1999, which are limited by certain financial covenants and other restrictions, were $150 million under the Additional Facility. The repayment of the Credit Facility is secured by, among other things, the grant of a security interest in substantially all of the assets of the Company.

The Credit Facility requires the Company to enter into interest rate swap and cap agreements to manage the interest rate exposure pertaining to borrowings under the Credit Facility. The Company had entered into interest rate caps, swaps and collars with a total notional amount of $525 million at December 31, 1999, and $325 million at December 31, 1998. Generally these instruments have initial terms ranging from three to four years and effectively convert variable rate debt to fixed rate. The weighted average interest rate under these agreements was approximately 7.4% in 1999 and 7.7% in 1998. The amount of unrealized loss attributable to changing interest rates at December 31, 1999 and 1998 was immaterial.

10-1/2% Senior Subordinated Notes Due 2006

In May 1996, the Company issued at par $200 million of 10-1/2% Senior Subordinated Notes that mature on June 1, 2006 (the "2006 Notes"). Interest is payable semi-annually. The 2006 Notes may be redeemed at any time at the option of the Company, in whole or from time to time in part, at varying redemption prices. The Credit Facility prohibits the repayment of all or any portion of the principal amount of the 2006 Notes prior to the repayment of all indebtedness under each credit facility. The 2006 Notes contain certain restrictive covenants which impose limitations on the operations and activities of the Company and certain of its subsidiaries, including the incurrence of other indebtedness, the creation of liens, the sale of assets, issuance of preferred stock of subsidiaries, and certain investments and acquisitions. The 2006 Notes are subordinate in right of payment to the Credit Facility.

10-1/2% Senior Subordinated Notes Due 2007

In October 1996, the Company issued at par $200 million of 10-1/2% Senior Subordinated Notes that mature on February 1, 2007 (the "2007 Notes"). Interest is payable semi-annually. The 2007 Notes were issued *pari passu* to the 2006 Notes. As such, the 2007 Notes may be redeemed at any time at the option of the Company, in whole or from time to time in part, at varying redemption prices. The Credit Facility prohibits repayment of all or any portion of the principal amount of the 2007 Notes prior to the repayment of all indebtedness under each credit facility. The 2007 Notes contain certain restrictive covenants that are consistent with that of the 2006 Notes. The 2007 Notes are subordinate in right of payment to the Credit Facility.

The aggregate amounts of principal maturities as of December 31, 1999, are as follows (dollars in thousands):

Year ending December 31,	
2000	$ 0
2001	77,250
2002	115,500
2003	190,500
2004	190,500
Thereafter	876,250
	$ 1,450,000

In addition, the Credit Facility includes a covenant requiring additional pre-payment of principal to be made starting March 31, 2001 if the Company's operating cash flows, net of capital expenditures exceed predetermined levels. The Company estimates additional principal payments for 2001 range from $0 to $25 million.

8 Commitments and Contingencies

The Company leases various facilities, cell site locations, rights-of-way and equipment under operating lease agreements. The leases expire at various dates through the year 2019. Some leases have options to renew for additional periods up to 25 years. Certain leases require the Company to pay property taxes, insurance and normal maintenance costs. Substantially all of the Company's leases have fixed minimum lease payments. The Company has no significant capital lease liabilities.

Future minimum payments required under operating leases and agreements that have initial or remaining noncancellable terms in excess of one year as of December 31, 1999, are summarized below (dollars in thousands):

Year ending December 31,		
2000	$	12,845
2001		11,111
2002		9,555
2003		6,440
2004		2,817
Thereafter		4,440
	$	47,208

Aggregate rental expense for all operating leases was approximately $14.8 million in 1999, $12.2 million in 1998 and $10.0 million in 1997.

The Company has entered into purchase agreements to buy hardware, software, and consulting services in the aggregate of $18.5 million relating to the implementation of a new billing system. As of December 31, 1999, $7.3 million has been paid toward these commitments.

The Company has various other purchase commitments for materials, supplies and other items incident to the ordinary course of business which are neither significant individually nor in the aggregate. Such commitments are not at prices in excess of current market value.

On October 3, 1999, the Irish High Court remanded to the Office of the Director of Telecommunication Regulation ("ODTR") its decision that ranked MMC number one in a bid for a third mobile phone license in Ireland. The court found that the ODTR may have shown bias in its decision to rank MMC number one in the bid process and therefore the decision of the regulator may have been unreasonable. MMC and the ODTR have appealed this ruling to the Irish Supreme Court. If the ruling is upheld on appeal, then it is most likely that: (i) the previous bids will be reviewed and re-ranked or (ii) a new bidding process will be implemented. Management remains committed to the Irish market and believes that the attributes of its original bid that resulted in the initial number one ranking will continue to be recognized as the best plan. However, pending the outcome of the appeal, there is no assurance that the Company will retain its current ranking.

During the period from which the Company's bid was ranked number one up through the date of the recent court decision, WWI continued to invest in MMC. However, since MMC may not be awarded the license, it is possible that the investment underlying MMC may not be realized. If MMC is not successful in its bid for this license, the estimated range of a potential loss to be recorded by WWI would range from $9 to $12 million.

9 Income Taxes

Significant components of deferred income tax assets and liabilities, net of tax, are as follows:

December 31,	1999	1998
(Dollars in thousands)		
Deferred tax assets:		
Net operating loss carryforwards	$ 107,853	$ 71,737
Other temporary differences	33,685	12,440
Total deferred tax assets	141,538	84,177
Valuation allowance	(91,360)	(55,596)
	50,178	28,581
Deferred tax liabilities:		
Property and wireless licenses basis difference	(50,178)	(28,581)
	$ 0	$ 0

The Company had available at December 31, 1999, net operating loss ("NOL") carryforwards of approximately $270 million. The NOL carryforwards will expire between 2003 and 2019. The Company may be limited in its ability to use these carryforwards in any one year due to ownership changes that preceded the business combination that formed the Company in July 1994. The change in the valuation allowance increased $36 million in 1999, $3 million in 1998 and $2 million in 1997.

Management believes that available objective evidence creates sufficient uncertainty regarding the realization of the net deferred tax assets. Such factors include a history of recurring operating losses and expected increased competition from new entrants into the Company's cellular markets. Accordingly, a valuation allowance has been provided for the net deferred tax assets of the Company.

The difference between the statutory tax rate of approximately 40% (35% federal and 5% state, net of federal benefits) and the tax benefit of zero recorded by the Company is primarily due to the full valuation allowance against net deferred tax assets. The Company's ability to utilize the NOL carryforwards in any given year may be limited by certain events, including a significant change in ownership interest.

After the Spin-off, the NOL carryforwards resulting from VoiceStream's cumulative tax losses remained with VoiceStream. Pursuant to a tax sharing agreement entered into at the time of the Hutchison Investment, VoiceStream paid the Company $20 million, an amount representative of the tax benefit of NOLs generated while VoiceStream was a wholly owned subsidiary of the Company, which was accounted for as a return of capital to the Company.

10 Shareholders' Equity

Stock issuances

In 1999, the Company issued 1,480,486 shares of its Class A Common Stock as a result of employee stock option exercises.

The Company issued 105,000 shares in 1999 and 100,000 shares in 1998, of its Class A Common Stock to certain key executives pursuant to an Executive Restricted Stock Plan. The vesting of these shares is subject to certain performance thresholds as determined by the Board of Directors.

In May 1998, the Company completed a secondary offering on form S-3 (the "Secondary Offering") of 13,915,000 Class A Common Stock shares (including on over-allotment exercised by the underwriters). The Company did not issue any new primary shares and received no proceeds from the Secondary Offering. The shares were offered by certain shareholders of the Company who elected to convert a portion of their Class B Common Stock into publicly traded Class A Common Stock for sale pursuant to a registration statement. No member of management of the Company sold any shares in the Secondary Offering.

Other transactions

During the second quarter, as a result of the Spin-off, the Company recognized compensation expense on all options outstanding as of May 3, 1999. On the date of the Spin-off, the Company cancelled and reissued all outstanding stock options. All reissued stock options were granted in a manner that ensured employees of both the Company and VoiceStream maintained the value of their options, subject to normal fluctuations in the price of both companies stock, after the Spin-off.

This reissuance did not accelerate benefits to option holders. The Company believes this allows employees to continue to better participate in the success of the company for which they work. As outlined in the provisions of EITF 90-9, at the date of the Spin-off, the Company recorded deferred compensation of approximately $82.8 million and compensation expense for those options in which the service period had passed of $63.4 million. Subsequent to the date of the Spin-off, the Company has recognized an additional $6.2 million of stock option compensation through December 31, 1999.

11 Stock-Based Compensation Plans

The Management Incentive Stock Option Plan (the "MISOP"), which has been effective since 1994, provides for the issuance of up to 7,500,000 shares of common stock as either Nonstatutory Stock Options or as Incentive Stock Options, the terms and conditions of which are at the discretion of the administrator of the MISOP.

The Employee Stock Purchase Plan (the "ESPP"), which has been effective since 1997, provides for the issuance of up to 1,000,000 shares of Class A Common Stock to eligible employees participating in the plan. The terms and conditions of eligibility under the ESPP require that an employee must have been employed by the Company or its subsidiaries for at least three months prior to participation. A participant may contribute up to 10% of their total annual compensation toward the ESPP, not to exceed the IRS contribution limit each calendar year. Shares are offered under this ESPP at 85% of market value at each offer date. Participants are fully vested at all times.

At December 31, 1999, 1998, and 1997, the Company has accounted for the above described MISOP and ESPP following the guidelines of APB Opinion No. 25 and related interpretations. Had compensation cost for the MISOP and the ESPP been determined based upon the fair value at the grant dates for awards under these plans consistent with the method defined in SFAS No. 123, the Company's net loss and basic loss per share would have increased to the pro forma amounts indicated below:

Year ended December 31,	1999	1998	1997
(Dollars in thousands, except per share data)			
Net loss:			
As reported	$ (148,773)	$ (224,069)	$ (265,534)
Pro forma	$ (157,604)	$ (232,110)	$ (271,745)
Basic and diluted loss per share:			
As reported	$ (1.94)	$ (2.95)	$ (3.76)
Pro forma	$ (2.05)	$ (3.06)	$ (3.84)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	1999	1998	1997
Weighted average risk free interest rates	5.6%	5.8%	6.3%
Expected dividend yield	0%	0%	0%
Expected volatility	63%	50%	50%
Expected lives (in years)	4.75	7.5	7.5

The Black-Scholes option-pricing model requires the input of highly subjective assumptions and does not necessarily provide a reliable measure of fair value.

The decrease in expected lives results from the cancellation and re-issuance of all outstanding stock options as a result of the Spin-off; see Note 10 "Other transactions."

Options granted, exercised and canceled under the above MISOP are summarized as follows:

Year ended December 31,	1999		1998		1997	
(In thousands, except pricing information)	Shares	Weighted average price	Shares	Weighted average price	Shares	Weighted average price
Outstanding, beginning of period	4,348	$ 11.78	3,711	$ 9.79	4,165	$ 9.66
Options granted	5,058	$ 7.61	992	$ 17.41	18	$ 14.65
Options exercised	(1,453)	$ 5.02	(291)	$ 5.02	(269)	$ 4.85
Options cancelled	(4,311)	$ 13.01	(64)	$ 14.32	(203)	$ 13.12
Outstanding, end of period	3,642	$ 7.32	4,348	$ 11.78	3,711	$ 9.79
Exercisable, end of period	1,889	$ 5.54	2,656	$ 9.36	2,384	$ 8.23

The weighted average fair value of stock options granted was $22.01 in 1999, $9.75 in 1998 and $9.34 in 1997.

The following table summarizes information about fixed price stock options outstanding at December 31, 1999:

(in thousands, except pricing information)	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.53 – $ 5.28	966	5 years	$ 4.48	966	$ 4.48
$ 6.03 – $ 6.42	913	7 years	$ 6.29	728	$ 6.26
$ 6.42 – $ 9.32	919	8 years	$ 8.14	195	$ 8.11
$ 9.95 – $ 35.00	844	9 years	$ 10.79	0	$ –
$ 0.53 – $ 35.00	3,642	7 years	$ 7.32	1,889	$ 5.54

In May 1999, in connection with the Spin-off, the Company cancelled and reissued all outstanding options as, (i) the Company's option holders received one vested VoiceStream option and one vested Western Wireless option for each existing vested Western Wireless option; and (ii) the Company's option holders who became VoiceStream employees received for each unvested Western Wireless option at the Spin-off a number of unvested VoiceStream options. All reissued stock options were granted in a manner that ensured employees of both the Company and VoiceStream maintained the value of their options, subject to normal fluctuations in the price of both companies stock, after the Spin-off. This reissuance did not accelerate any benefits to option holders.

In September 1998, the Company's Board of Directors approved the 1998 Stock Appreciation Plan (the "Plan") whereby selected key personnel of WWI and its Subsidiaries may receive performance units, which are "rights" to receive an amount based on 5% of the fair market value of WWI. The maximum number of performance units that may be granted under the Plan as amended is 20,000. As of December 31, 1999, 15,000 performance units have been issued under the Plan. For the year ended December 31, 1999, based on the valuation of WWI on January 1, 2000, the Company has incurred $3.9 million in cost related to the Plan.

12 Acquisitions

All of the following acquisitions were accounted for using the purchase method of accounting. Substantially the entire purchase price of each of the acquisitions was allocated to licensing costs.

In November 1999, the Company purchased the cellular licenses and operations of the Texas 7 and Arkansas 11 RSAs for approximately $165 million in cash.

In June 1999, the Company completed the purchase of 50% of the Cellular One Group for $9 million in cash.

In June 1999, the Company completed the purchase of the cellular licenses and operations of the Brownsville, TX and McAllen, TX Metropolitan Statistical Areas ("MSA") for an aggregate amount of approximately $96 million in cash.

In February 1999, the Company completed the purchase of the cellular license and operations of the Wyoming 4 and Oklahoma 1 RSA for $19 million in cash. Prior to the purchase of the Wyoming 4 RSA, the Company operated this market under an Interim Operating Authority ("IOA") from the FCC.

In August 1998, the Company purchased the cellular license and operations of the Colorado 4 RSA for approximately $18.5 million in cash.

In June 1998, the Company purchased the cellular license and operations of the Nebraska 5 RSA for approximately $15.5 million in cash. Prior to the purchase of the Nebraska 5 RSA, the Company operated this market under an IOA from the FCC.

In March 1998, the Company was granted 36 Local Multipoint Distribution Service ("LMDS") licenses that it was the high bidder on in an FCC auction. The Company paid approximately $5.6 million for these licenses.

13 Selected Quarterly Consolidated Financial Information (Unaudited)

Selected quarterly consolidated financial information for the years ended December 31, 1999 and 1998 is as follows:

(Dollars in thousands, except per share data)

Quarter ended	Total revenues	Operating income (loss)	Net income (loss)	Basic earnings (loss) per common share	Diluted earnings (loss) per common share
March 31, 1999	$ 115,863	$ 21,991	$ (113,588)	$ (1.49)	$ (1.49)
June 30, 1999	$ 136,551	$ (31,352)	$ (47,944)	$ (0.63)	$ (0.63)
September 30, 1999	$ 157,044	$ 40,850	$ 13,542	$ 0.18	$ 0.17
December 31, 1999	$ 157,883	$ 29,440	$ (783)	$ (0.01)	$ (0.01)
March 31, 1998	$ 90,630	$ 15,988	$ (64,150)	$ (0.84)	$ (0.84)
June 30, 1998	$ 98,404	$ 18,446	$ (53,040)	$ (0.70)	$ (0.70)
September 30, 1998	$ 111,364	$ 24,226	$ (49,673)	$ (0.65)	$ (0.65)
December 31, 1998	$ 116,222	$ 22,620	$ (57,206)	$ (0.75)	$ (0.75)

14 Segment Information

The Company's operations consist of both domestic and international operations. The Company mainly provides cellular services in rural markets in the western United States. The Company's international operations mainly consist of unconsolidated joint ventures. Certain centralized back office costs and assets benefit all of the Company's operations. These costs are allocated to both segments in a manner, which reflects the relative time devoted to each of the segments.

The only significant international component of the Company's financial results is the equity in net loss of unconsolidated affiliates. The domestic cellular operations comprise the majority of the Company's total revenues, expenses and total assets as presented in the table below:

(Dollars in thousands)	Domestic Operations	Int'l Operations	Consolidated
Year ended December 31, 1999			
Total revenues	$ 567,341		$ 567,341
Depreciation and amortization expense	101,254	$ 759	102,013
Operating income (loss)	65,788	(4,859)	60,929
Interest expense	95,476	4,517	99,993
Equity in net income (loss) of unconsolidated affiliates	305	(14,834)	(14,529)
Total assets	1,276,878	78,696	1,355,574
Total capital expenditures	154,370	13,849	168,219
Year ended December 31, 1998			
Total revenues	$ 416,620		$ 416,620
Depreciation and amortization expense	74,395	$ 7	74,402
Operating income (loss)	83,708	(2,428)	81,280
Interest expense	91,184	1,043	92,227
Equity in net loss of unconsolidated affiliates		(4,746)	(4,746)
Total assets	1,180,856	40,444	1,221,300
Total capital expenditures	73,371		73,371
Year ended December 31, 1997			
Total revenues	$ 302,848		$ 302,848
Depreciation and amortization expense	66,595		66,595
Operating income (loss)	39,034	$ (1,754)	37,280
Interest expense	41,406		41,406
Equity in net loss of unconsolidated affiliates		(1,731)	(1,731)
Total assets	1,358,775	27,760	1,386,535
Total capital expenditures	54,318		54,318

15 Related Party Transactions

The financial statements include an allocation of certain centralized costs to VoiceStream and its affiliates, prior to and subsequent to the Spin-off. Such centralized items include the costs of shared senior management, customer care operations and certain back office functions. These costs have been allocated to VoiceStream and its affiliates in a manner that reflects the relative time devoted to each. For the twelve months ended December 31, 1999, 1998 and 1997, the Company allocated to VoiceStream and its affiliates costs of $8.9 million, $26.3 million and $30.5, respectively.

After the Spin-off, the NOL carryforwards resulting from VoiceStream's cumulative tax losses were transferred to VoiceStream. Pursuant to a tax sharing agreement entered into at the time of the Hutchison investment, VoiceStream paid the Company $20 million, the amount representative of the tax benefit of NOLs generated while VoiceStream was a wholly owned subsidiary of the Company. This transaction was accounted for as a return of capital to the Company.

The Company, its Holding Co., WWI, and Bradley Horwitz, the Executive Vice President-International, have entered into an amendment of a subscription and put and call agreement with respect to shares of common stock of WWI whereby Mr. Horwitz's interest in WWI is decreased from 10% to 4.04% in consideration of the Company's investment in WWI of an additional $29 million in 1996 and 1997. Holding Co. continues to own the balance of the outstanding capital stock of WWI. Any funds provided by the Company to WWI on or subsequent to January 1, 1998, shall be considered revolving debt loaned by the Company to WWI at an interest rate of 10.5% per annum.

16 Subsequent Events

On March 2, 2000 the Company signed a commitment letter to secure $2.1 billion in new financing consisting of a combination of revolving and term loans. Final terms and conditions of this arrangement are contingent upon the approval of the new financing among the syndicate of lenders. The new financing arrangement is expected to have terms and conditions similar to the existing Credit Facility. Proceeds from the new financing arrangement will be used to repay the Company's existing Credit Facility. Assuming the new financing is established, the Company will recognize an extraordinary loss ranging from approximately $13 to $22 million for the impairment of existing deferred financing costs relating to the Company's current debt structure.

In January 2000, the Company completed the purchase of the Utah 5 Rural Service Area ("RSA") for approximately $25 million in cash and $5 million in seller subordinate debt. Further, the Company signed an agreement to acquire the assets associated with the Arizona 6 and Wyoming 1 RSAs for an aggregate amount of approximately $67 million in cash. The purchase is pending approval from the FCC, and are expected to close in the second quarter of 2000.

In January 2000, WWI, through its joint venture with MAGIC, completed an acquisition of the assets and operations of Comstar in the Ivory Coast. WWI has contributed $9.1 million to date for the purchase of the license. The Comstar network is currently under expansion.

Report of Independent Public Accountants

To the Board of Directors and Shareholders of Western Wireless Corporation:

We have audited the accompanying consolidated balance sheets of Western Wireless Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements and schedule referred to below are the responsibility of Western Wireless management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Wireless Corporation and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index of consolidated financial statements is presented for purposes of complying with the Securities and Exchange Commission rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Arthur Andersen LLP
Seattle, Washington
March 1, 2000

Corporate Information

Executive Officers

[illegible]

Senior Vice President

and General Counsel

Board of Directors

[illegible]

Public Accountants

[illegible]

Transfer Agent

[illegible]

Investor Relations

[illegible]

Annual Meeting

[illegible]

CellularOne®

[illegible]

Corporate Headquarters

[illegible]

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of GCC License Corporation, Seeking Designatio as an Eligible Telecommunications Carrie that may Receive Universal Service Support	Application No. C-1889

BRIEF OF GCC LICENSE CORPORATION

I. INTRODUCTION

GCC License Corporation ("GCC") hereby submits its Initial Brief in support of its request to be designated as an eligible telecommunications carrier ("ETC") for purposes of obtaining federal and state universal service support in the Nebraska exchanges and study areas identified by GCC in revised Exhibit 5. Based on the evidence presented at the hearing, GCC has demonstrated that it fully meets all applicable federal and state requirements, and thus the Nebraska Public Service Commission ("Commission") must designate GCC as an ETC.

The fundamental question presented by this proceeding is whether the Commission will effectuate the requirements of the Telecommunication Act of 1996, 47 U.S.C. § 151 et seq. (the "Act") and establish competitive local telecommunications markets in which new entrants, including a commercial mobile radio services ("CMRS") provider, can be eligible to receive universal service funds to meet the telecommunications needs of Nebraska consumers. To deny ETC designation to GCC would be contrary to law and would continue an environment that protects the interests of monopoly local exchange carriers ("LECs") to the ultimate detriment of Nebraska consumers.

GCC advocates a result consistent with the statutory mandates of Section 214(e) of the Act, the directives of the Federal Communications Commission ("FCC"), and, in rural areas, the interests of the public. Conversely, the intervenor incumbent LECs advocate a